

Georgia Northeastern Railroad Co., Inc.

1819 Peachtree Road, N.E., Suite 303, Atlanta, Georgia 30309

2-104A001

April 7, 1992

Interstate Commerce Commission
12th and Constitution Avenue, N.W.
Washington, DC 20423

17770
RADIO

APR 12 1992 -9 40 AM

INTERSTATE COMMERCE COMMISSION

Attention: Ms. Mildred Lee, Room 2303

Re: Security Agreement by and between Georgia Northeastern Railroad Company, Inc. and William G. Pritchard

Dear Ms. Lee:

Enclosed herewith are three (3) originally executed and notarized copies of a Security Agreement by and between the Georgia Northeastern Railroad Company, Inc., a Tennessee corporation as Debtor, and William G. Pritchard, a resident of Georgia (Creditor). The Security Agreement is for a Promissory Note for the purchase of one (1) GP-7 locomotive bearing the reporting marks of GNRR 2097.

The address of the parties are as follows:

Georgia Northeastern Railroad Company, Inc.
1819 Peachtree Rd., N.E., Suite 303
Atlanta, GA 30309

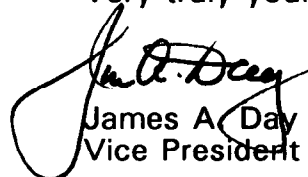
Mr. William G. Pritchard
c/o Pritchard & Jerden, Inc.
Piedmont Center
Building Three, Suite 700
3565 Piedmont Rd.
Atlanta, GA 30305-4604

APR 13 9 35 AM '92
MOTOR OPERATING UNIT

I would appreciate your recording the enclosed Security Agreements and returning two (2) copies to me. A check for the filing fee in the amount of \$16.00 is enclosed.

Thank you for your assistance.

Very truly yours,



James A. Day
Vice President - Finance

JAD/lwc

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Interstate Commerce Commission
Washington, D.C. 20423

4/12/92

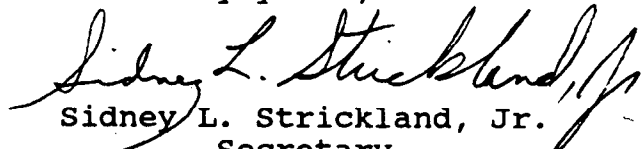
OFFICE OF THE SECRETARY

James A Day
Vice President
Georgia Northeastern Railroad Co. Inc
1819 Peachtree Road N.E., Suite 303
Atlanta, Georgia 30309

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 4/12/92 at 9:40am , and assigned recordation number(s). 17770

Sincerely yours,


Sidney L. Strickland, Jr.
Secretary

SECURITY AGREEMENT

APR 12 1992 -9 40 AM

INTERSTATE COMMERCE COMMISSION

THIS SECURITY AGREEMENT, dated April 1, 1992, between GEORGIA NORTHEASTERN RAILROAD COMPANY, INC. ("Debtor") and WILLIAM G. PRITCHARD ("Creditor").

W I T N E S S E I H:

WHEREAS, Debtor has issued to Creditor that certain Promissory Note in the principal amount of \$60,000 dated April 1, 1992, (the "Note"); and

WHEREAS, Debtor desires to grant Creditor a security interest to secure payment and performance of the Note;

NOW THEREFORE, in consideration of the mutual covenants set forth herein, the parties hereto agree as follows:

1. **Grant of Security Interest.** Debtor hereby grants to Creditor a security interest in, and security title to, the former Atchison, Topeka & Santa Fe Railway model GP-7 locomotive that currently bears the reporting marks IHRC 2097. Before acceptance of this locomotive by Debtor, it is being repainted with the Georgia Northeastern Railroad color scheme. As such it will operate under GNRR 2097 reporting marks.

2. **Perfection.** The security interest of the Creditor in the Collateral shall be perfected by appropriate filing as required by the Interstate Commerce Commission ("ICC") in such offices as may at the time of recording be provided by law as the proper place for such filing. Debtor agrees to execute such documents and perform such acts as shall be reasonably necessary or appropriate to create, perfect, preserve, maintain or continue the perfection of Creditor's security interest in the Collateral and/or its priority.

3. **Duty to Defend.** Debtor will defend the Collateral against all claims and demands of all persons at any time claiming an interest in the Collateral.

4. **Change of Address.** Debtor will promptly notify Creditor of any change in Debtor's place of business or in the location of the Collateral, and Debtor will not remove the Collateral from the State of Georgia without the written consent of Creditor.

5. **Good Condition.** Debtor will keep the Collateral in good order and repair and will not waste or destroy the Collateral or any part thereof. Creditor may examine and inspect the Collateral at any time, wherever located.

6. **Events of Default.** Debtor shall be in default under this agreement upon the happening of any of the following events or conditions:

(a) default in the payment or performance of any obligation, covenant or liability contained or referred to herein or in the Note;

(b) loss, theft, substantial damage, destruction, sale, assignment or encumbrance to the Collateral, or the making of any levy, seizure or attachment thereof or thereon; and

(c) dissolution, termination of existence, insolvency, business failure, appointment of a receiver of any part of the property, assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Debtor.

7. **Remedies.** Upon such default and at any time thereafter Creditor may declare all obligations secured hereby immediately due and payable and shall have the remedies of a secured party under the UCC and such other remedies as are available under Georgia law and ICC rules and regulations.

IN WITNESS WHEREOF, the parties to this Security Agreement have duly executed it on the day and year first above written.

GEORGIA NORTHEASTERN RAILROAD
COMPANY, INC.

BY: Wilds L. Pierce
Wilds L. Pierce, President

Attest: John A. Gentry
Title: MEASURER

[CORPORATE SEAL]

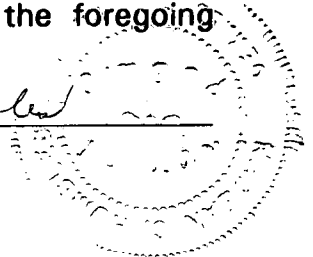
WILLIAM G. PRITCHARD

William G. Pritchard

STATE OF GEORGIA)
) ss
COUNTY OF FULTON)

On this 15th day of April, 1992, before me personally appeared Wilds L. Pierce, to me personally known, who being by me duly sworn says that he is President of the Georgia Northeastern Railroad Company, Inc., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Nadean C. Dumble
Notary Public



STATE OF Georgia)
) ss
COUNTY OF Fulton)

On this 4 day of April, 1992, before me personally appeared William G. Pritchard, to me personally known, who being by me duly sworn says that his signature and seal are genuine, that said instrument was signed and sealed on his behalf with full authority and he acknowledged that the execution of the foregoing instrument was his free act and deed.

Sandy D. Childers
Notary Public

Notary Public, Gwinnett County, Georgia.
My Commission Expires September 11, 1993